

March 7, 2016

**STATEMENT OF DAVID KRECHEVSKY, PUBLIC POLICY & ECONOMIC  
DEVELOPMENT DIRECTOR for the WATERBURY REGIONAL CHAMBER, to the  
LABOR AND PUBLIC EMPLOYEES COMMITTEE on HOUSE BILL 5367:  
AN ACT CONCERNING THE TOTAL UNEMPLOYMENT BENEFIT RATE  
AND ONLINE EMPLOYMENT EXCHANGE**

Senator Gomes, Representative Tercyak and members of Labor and Public Employees Committee: Thank you for incorporating my testimony into the public record for this legislation. The Waterbury Regional Chamber, which serves 13 towns in Greater Waterbury and represents the interests of nearly 1,000 businesses in matters of public policy, supports House Bill 5367, "An Act Concerning The Total Unemployment Benefit Rate and Online Employment Exchange."

The best way to explain the Chamber's support for this vital legislation is to offer the following example. It demonstrates how one Chamber member is affected by the way unemployment taxes are currently assessed. As you know, employers in the state are paying more toward federal unemployment taxes for the fifth consecutive year as the state repays more than \$1 billion it borrowed from the federal government to cover unemployment costs during the recession. Here is how that has affected Traver IDC, an electric supply and service company in Waterbury with 45 employees.

As reported on January 17, 2016, in the Republican-American newspaper, Traver IDC "will pay a total tax of almost 5 percent in 2016 as a result of the federal tax, ... and a state unemployment insurance tax of more than 2 percent attributed to employee terminations since 2011, President Jack Traver Jr. said." The article continues: "With the increases, Traver's third-generation company will pay a combined unemployment insurance tax of almost \$25,000, he said. 'We're paying the equivalent of one entry-level full-time employee's wages for one year,' he said, adding that a new service van costs about that much. 'There are some other business initiatives we would have done if we didn't have to pay this.'"

As you can see, the current situation makes it less likely that companies like Traver IDC will invest in their businesses and expand their workforces — which, in turn, affects the state's overall economic growth.

It is equally important that the proposed reforms are revenue neutral. At a time when Connecticut faces yet another fiscal crisis, it is imperative that the state enact reforms that can help the state's overall economy without affecting its bottom line.

Please contact me at your convenience with any questions you may have.

Respectfully submitted,  
David Krechevsky  
Public Policy & Economic Development Director, Waterbury Regional Chamber